

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AGRE-00 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 FRB-01
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FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 5005

UNCLAS GEORGETOWN 1683

E.O. 11652: N/A

TAGS: ECON, ELAB, GN

SUBJECT: GOG ACTS IN GARMENT INDUSTRY CRISIS

REF: GEORGETOWN 1577

SUMMARY: GOG HAS PROVIDED G\$600,000 IN FOREIGN EXCHANGE TO
KEEP MAJOR GARMENT MANUFACTURING FIRM'S OPERATION GOING.
AT LEAST 25 OTHER MANUFACTURERS ARE REPORTEDLY IN FINANCIAL
DIFFICULTY DUE TO FOREIGN EXCHANGE SQUEEZE. THESE
VERIFIABLE DIFFICULTIES ARE TYPICAL OF WHAT EMBASSY
UNDERSTANDS IS HAPPENING THROUGHOUT THE ECONOMY. END
SUMMARY.

1. GOG HAS COME TO THE AID OF LYSONS GARMENT FACTORY,
ONE OF GUYANA'S LARGEST KNITWEAR AND SHIRT MANUFACTURERS
AND SUBSTANTIAL FOREIGN EXCHANGE EARNER, WHICH EARLIER
THIS MONTH LAID OFF 650 WORKERS, OR HALF OF ITS WORKFORCE
(REFTEL). LYSONS FOR SEVERAL MONTHS HAS BEEN UNABLE TO
OBTAIN FOREIGN EXCHANGE TO MAINTAIN SUPPLY OF NEEDED
RAW MATERIALS. COMPANY NEEDED APPROXIMATELY G\$1 MILLION
FOR IMPORTS TO MAINTAIN WORK FORCE AT FULL STRENGTH
AND BEGAN LAYOFFS THREE WEEKS AGO WHEN MATERIALS BEGAN
RUNNING SHORT.

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2. IN A MEETING ON FRIDAY, JULY 22, INITIATED BY THE
GUYANA AGRICULTURAL AND GENERAL WORKERS UNION(GAWU),
GOG MINISTER OF TRADE AND CONSUMER PROTECTION GEORGE
KING AGREED TO CONSIDER RELEASE OF FOREIGN EXCHANGE
SUFFICIENT TO GET FIRM BACK INTO NEAR FULL SCALE
OPERATION. IN SURPRISINGLY SWIFT REACTION, BANK OF

GUYANA ON JULY 26 RELEASED G\$600,000, MORE THAN HALF OF COMPANY'S ANTICIPATED NEEDS FOR REMAINDER OF YEAR. LYSONS MANAGER HAS CONFIRMED TO EMBOFF THAT AS SUPPLIES BEGIN ARRIVING IN NEXT FEW WEEKS COMPANY PLANS TO BRING BACK APPROXIMATELY 300 WORKERS. GOG HAS ALSO INDICATED TO LYSONS THAT ADDITIONAL AMOUNTS OF FOREIGN EXCHANGE MAY BE GRANTED IN COMING MONTHS TO KEEP OPERATIONS GOING.

3. OPPOSITION NEWSPAPER "THE MIRROR" REPORTED ON JULY 24 THAT RETRENCHMENTS HAD SO FAR HIT 17 FIRMS, AND TOTAL OF WORKERS INVOLVED RUNS INTO "FEW THOUSANDS". WHILE MIRROR ESTIMATES OF AFFECTED WORKERS MAY BE INFLATED, REPORTED NUMBER OF MANUFACTURERS IN DIFFICULTY MIGHT BE CONSERVATIVE. IN A MEETING HELD ON JULY 27 TO FOCUS ON PROBLEMS FACING THE MANUFACTURING SECTOR INVOLVING MINISTER KING, THE GUYANA MANUFACTURERS ASSOCIATION (GMA) AND UNION REPRESENTATIVES, SOME 25 COMPANIES WERE REPORTEDLY IDENTIFIED AS HAVING SERIOUS PRODUCTION DIFFICUTIES. EMBASSY UNDERSTANDS THESE INCLUDE ALL GARMENT MAKERS IN THE COUNTRY (17) AND A NUMBER OF FOOD PROCESSING AND FURNITURE CONSTRUCTION PLANTS. GMA, AS RESULT OF MEETINGS, WILL PREPARE REPORT FOR GOG DETAILING POSITION OF EACH TROUBLED MANUFACTURER, TO BE REVIEWED IN SUBSEQUENT MEETING WITH MINISTER KING.

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4. COMMENT: IT IS DIFFICULT TO OBTAIN A GLOBAL PICTURE OF THE DETERIORATION OF THE ECONOMY. EVIDENCE IS AVAILABLE EACH DAY AND REPORTS--OFTEN DIFFICULT TO CONFIRM--OF DIFFICULTIES IN ALL SECTORS OF THE ECONOMY ABOUND. THE VERIFIABLE PICTURE PRESENTED BY THE GARMENT INDUSTRY IS TYPICAL OF WHAT EMBASSY UNDERSTANDS IS THE SITUATION ELSEWHERE.

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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